

## Message Text

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44

ACTION NEA-12

INFO OCT-01 EUR-25 ISO-00 EB-11 COME-00 INT-08 SCEM-02

SCI-06 OMB-01 TRSE-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 ACDA-19 IO-14 AF-10 DRC-01 /187 W

----- 086380

R 261235Z OCT 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 7555

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

AMEMBASSY LONDON

LIMITED OFFICIAL USE NEW DELHI 12420

E.O. 11652: N/A

TAGS: ENRG IN

SUBJECT: PETROLEUM: CRUDE SUPPLY CUTBACKS

REF: BOMBAY'S 2070

1. CALTEX NEW DELHI REPRESENTATIVE, V.T. KRISHNAMURTHI, CORROBORATED ALL SALIENT POINTS BROUGHT OUT IN REFTEL, AND ADDED THAT CALTEX HEADQUARTERS IN NEW YORK (THROUGH THE COMPANY'S BOMBAY OFFICE) HAD INSTRUCTED HIM OFFICIALLY TO PRESENT TO THE GOI PETROLEUM MINISTRY COMPANY POLICY STATEMENT QUOTED IN PARA 4, REFTEL. KRISHNAMURTHI PLANS ALSO TO EXPLAIN IN DETAIL WHY CRUDE CUTBACKS TO INDIA WOULD NOT BE DISCRIMINATORY AND WHY CALTEX COULD NOT "DIVER CRUDE IT DOESN'T HAVE TO THE US OR TO OTHER WESTERN HEMISPHERE COUNTRIES." HE SAID CALTEX NEW YORK IS STILL ATTEMPTING TO IDENTIFY THE IMPACT ARAB COUNTRY CUTBACKS WILL HAVE ON CALTEX MARKETS IN THE EASTERN HEMISPHERE, AND THAT WHEN THE MAGNITUDE IS KNOWN WILL THEN APPORTION DELIVERIES ACCORDLINGLY. KRISHNAMURTHI OPINED THAT APPORTIONMENT WOULD, IN REALITY, BE A "FORMULATED PROGRAM OF

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"RATIONING" THAT MAY OR MAY NOT BE PROPORTIONATELY FAIR TO EACH

CUSTOMER. HE STRESSED, HOWEVER, THAT CALTEX WILL NOT IMPOSE SEVERE CUTBACKS TO ONE COUNTRY, WHILE DELIVERING FULL MEASURES TO OTHERS. MEANWHILE, CALTEX CRUDE OIL SHIPMENTS TO INDIA ARE CONTINUING AT FULLY-INSTALLED REFINERY THROUGHPUT LEVELS.

2. KRISHNAMURTHI NOTED THAT BURMAH-SHELL GENERAL MANAGER, M.S. PATWARDHAN, WAS SUMMONED TO LONDON HURRIEDLY ON OCT 25 FOR DISCUSSIONS ON POSSIBLE AREA WIDE CURDE OIL CUTBACKS BY BURMAH-SHELL AND ITS AFFILIATES (IN INDIA AND ELSEWHERE IN THE EASTERN HEMISPHERE), AND HE "ASSUMES THAT ESSO GENERAL MANAGER, ARTHUR NEFF, MAY BE INVOLVED IN SIMILAR DELIBERATIONS AT THE PRESENT TIME." (COMMENT: WE UNDERSTAND THAT NEFF PLANS TO BE IN NEW DELHI OCT 29 FOR A MEETING ON ESSO'S EQUITY SHARE OFFER TO THE GOI. WE WILL ATTEMPT TO INQUIRE INTO ESSO'S POSITION REGARDING CURDE SUPPLIES TO INDIA FROM THT COMPANY#S SOURCE-SAUDI ARABIA--AT THAT TIME.

END COMMENT)

3. AMEMBASSY NEW DELHI ANTICIPATES POSSIBLE INQUIRIES FROM THE GOI AS TO USG VIEWS AND/OR POLICY REGARDING CURUDE OIL APPORTIONMENT TO INDIA AND ELSEWHERE BY AMERICAN FIRMS. WE WOULD APPRECIATE BEING INFORMED WHETHER DEPT HAS DISCUSSED THIS PROBLEM WITH US OIL COMPANIES AND IF ANY CONSENSUS WAS REACHED.

MOYNIHAN

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